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SENSITIVE
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DEPARTMENT FOR NEA, EEB, AND DRL

E.O. 12958: N/A
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SUBJECT: FORMER GOB OFFICIAL CONVICTED OF CORRUPTION

¶1. (U) On July 6, the High Criminal Court found Issa Al Thawadi, former CEO of the quasi-governmental Housing Bank, guilty of embezzling 1.5 million BD (\$4 million) between 1998 and 2002. The court sentenced Thawadi to 10 years' imprisonment, imposed a 34,000 BD (\$90,100) fine, and ordered him to compensate the bank 621,000 BD (\$1,645,650). The court also convicted the former CFO, a British national, levied the same fines, and sentenced him to five years' imprisonment followed by deportation. The bank's Bahraini chief auditor was cleared of all charges.

¶2. (U) Thawadi served as the CEO of the Housing Bank under both late Emir Isa and King Hamad. Then-Minister of Housing Fahmi Al Jowder brought the case against him 2004, shortly after the office of the Public Prosecutor was established.

¶3. (SBU) Comment: While it took five years for this complex case to make its way through the justice system, it represents a success for the King's reform project and related anti-corruption efforts. For the first time, a senior official with close ties to the ruling family faced corruption charges in court and was convicted. Since this case began three other high-profile corruption cases have been filed. Last year, two of them (one against parastatal ASRY's senior management, and one against nine Ministry of Industry and Commerce employees) saw convictions, while the third, involving aluminum producer ALBA, continues to wind its way through the courts.

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